

## Message Text

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ACTION SS-25

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C O N F I D E N T I A L NICOSIA 0563

EXDIS

E.O. 11652: XGDS-2  
TAGS: PGOV, CY, TU  
SUBJECT: CONVERSATION WITH PRESIDENTIAL ADVISOR

1. ON FEB 23, DCM DILLERY AND I LUNCHED WITH NICOS ROLANDIS, THE PROMINENT GREEK CYPRIOT BUSINESSMAN NAMED BY KYPRIANOU AS CONFIDENTIAL INTERMEDIARY WITH EMBASSY. ROLANDIS IS A STRAIGHTFORWARD, CANDID, NO-NONSENSE TYCOON, WHOSE APPROACH TO POLITICS IS ONE OF PRACTICAL PROBLEM-SOLVING RATHER THAN THEORY. CONVERSATION WAS IN THREE PRINCIPAL COMPARTMENTS: FEB 18-19 TERRORIST INCIDENT AND RELATIONS WITH EGYPT, PROSPECTS FOR THE CYPRUS NEGOTIATION, AND US-GOC RELATIONS.

2. FEB 18-19 TERRORIST INCIDENT AND RELATIONS WITH EGYPT. I NOTED THAT KYPRIANOU'S HANDLING OF TERRORIST INCIDENT AND ITS LARNACA SEQUENCE HAD BROUGHT HIM A PACK OF TROUBLE WHICH NEEDS TO BE ANALYZED, DIVIDED INTO ITS SEPARATE COMPONENTS, AND ADDRESSED WITH CARE. PRINCIPAL ELEMENTS ARE RELATIONS WITH EGYPT, FATE OF THE TERRORISTS, DOMESTIC POLITICAL PROBLEM OF REASSERTING LEADERSHIP IMAGE LOST TO DR. LYSSARIDES, CREDIBILITY GAP AND CONFIDENTIAL

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PROBABLE CONFRONTATION WITH INTERNATIONAL PRESS RESULTING FROM KYPRIANOU'S UNSUSTAINABLE DENIAL OF PRESENCE AND PARTICIPATION OF ARAFAT'S GUNMEN IN AIRPORT MELEE. ALL THESE ASPECTS WERE DISCUSSED AT LENGTH, WITH ROLANDIS EXPRESSING THE VIEW THAT SADAT'S PRICE (EXECUTION OF THE TERRORISTS) WOULD PROBABLY HAVE TO BE PAID, UNCOMFORTABLE AS THIS MIGHT BE IN TERMS OF PALESTINIAN RETALIATION.

ROLANDIS PARTICULARLY TOOK THE POINT ABOUT CONFRONTATION WITH THE INTERNATIONAL PRESS. (WE ARE PLEASED TO NOTE THAT GOC CRIMINAL CHARGES AGAINST A REUTERS CORRESPONDENT WERE SUBSEQUENTLY MODIFIED AND "INVESTIGATION" OF AN AMERICAN CORRESPONDENT DROPPED.)

3. PROSPECTS FOR THE CYPRUS NEGOTIATION. ROLANDIS PRESSED FOR OUR ESTIMATE OF WHAT TURKISH PROPOSALS ON TERRITORY AND CONSTITUTION WOULD LOOK LIKE. WE COMMENTED THAT TURKS HAD TOLD US CONSTITUTIONAL PROPOSALS WOULD BE MORE PALATABLE THAN TERRITORIAL BUT LATTER, WE HAD BEEN ASSURED, WERE ONLY A NEGOTIATING BEGINNING. WE STRESSED IMPORTANCE OF A CONSTRUCTIVE GREEK CYPRIOT REACTION TO THIS BEST AND POSSIBLY LAST OPPORTUNITY, SAYING USG FEELS ECEVIT IS SINCERE IN HIS WISH TO GET THE CYPRUS PROBLEM OFF TURKEY'S BACK AS A STEP TOWARDS GENERAL IMPROVEMENT OF RELATIONS WITH GREECE. IN THE DISCUSSION, ROLANDIS LAID GREAT EMPHSIS ON THE ESSENTIALITY OF TURKS RETURNING MORPHOU AS WELL AS VAROSHA. HE MADE THE SIGNIFICANT COMMENT THAT MAKARIOS MIGHT HAVE HAD THE AUTHORITY TO ACCEPT A SETTLEMENT THAT DID NOT INCLUDE MORPHOU, BUT KYPRIANOU DOES NOT. PROPERTIED MORPHOU CITRUS OWNERS ARE A SUBSTANTIAL POLITICAL FORCE WHICH WILL BLOCK A SOLUTION UNLESS ITS INTEREST ARE ACCOMMODATED. WE SAID WE HAD NEVER HEARD ANY SERIOUS INDICATION FROM THE TURKISH

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SIDE THAT MORPHOU MIGHT BE NEGOTIABLE. ON THE CONTRARY, T DENKTASH HAD TOLD ME ON SEVERAL OCCASIONS THAT PRESENT INHABITANTS OF THE TOWN OF MORPHOU ARE THREE-TIME REFUGEES WHO WILL NOT BE MOVED AGAIN. ROLANDIS WAS VERY CONCERNED. HE SPECULATED ONE WAY OUT OF THIS DILEMMA MIGHT BE TO RETURN SOME OF THE CITRUS GROVES AROUND MORPHOU, WITH OWNERS SETTLING NEARBY.

4. US-GOC RELATIONS. I SPOKE OF WHAT SEEMED TO ME, ON THE BASIS OF LONG FRIENDSHIP FOR CYPRUS, TO BE A FUNDAMENTAL LACK OF SYMMETRY IN THE US-GOC RELATIONSHIP. GREEK CYPRIOTS AND THEIR GOVERNMENT REQUEST, INDEED DEMAND AS A RIGHT, ALL SORTS OF POLITICAL, DIPLOMATIC, AND ECONOMIC SUPPORT. BY AND LARGE, US IS EXTRAORDINARILY SUPPORTIVE, WITNESS OUR INTENSE INVOLVEMENT WITH THE CYPRUS PROBLEM, DIPLOMATIC SUPPORT AS WITH THE EC-9, AND A PROPORTIONALLY VAST ASSISTANCE PROGRAM OF DOLLARS 169 MILLION SINCE 1974 (AID, UNFICYP, IBRD, ETC.) THAT IS, ON A PER CAPITA BASIS, THE MOST GENEROUS US GRANT AND TO ANY COUNTRY WORLDWIDE. YET, INTER ALIA, GOC SEEMS TO FEEL THAT

IT CAN ATTACK US WITH IMPUNITY, AND DELIBERATELY SUPPRESS A FAIR PUBLIC HEARING FOR OUR ASSISTANCE PROGRAMS. US IS TOO LARGE TO BE VULNERABLE TO GOC'S CASTING US IN A DEVIL'S IMAGE, BUT THE EFFECT OF CONTINUOUS CRITICISM OF THE US IS TO RESTRICT GOC'S FREEDOM OF MOVEMENT. ON A FAIR HEARING FOR AID, GOC IS ONLY HURTING ITS CASE WITH CONGRESS, WHICH IS ALWAYS ASKING US WHETHER US ASSISTANCE IS KNOWN.

5. ROLANDIS SAID FOREGOING POINTS WERE WELL TAKEN AND HE WOULD SO REPORT TO KYPRIANOU. COMMENT: JUST HOW MUCH IMPACT THIS PORTION OF OUR CONVERSATION HAD IS TO BE SEEN IN KYPRIANOU'S FEB 28 INVESTITURE SPEECH (SEPTEL) WHICH WAS AS DECEPTIVE AND INIMICAL TO US

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IMAGE AS EVER. END COMMENT.

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## Message Attributes

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